



City of Palm Coast Firefighters' Retirement System and Trust Fund

Actuarial Valuation

*As of October 1, 2025
Contributions Applicable to the Plan/
Fiscal Year Ending September 30, 2027*

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 20, 2026

Board of Trustees
City of Palm Coast
Firefighters' Pension Board

Re: City of Palm Coast Firefighters' Retirement System and Trust Fund Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Palm Coast Firefighters' Retirement System and Trust Fund as of October 1, 2025.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending September 30, 2027. This report was prepared for use by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel and plan design supplied by City of Palm Coast. Assets were determined based on financial reports supplied by the custodian bank. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.


In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in the City of Palm Coast, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Retirement System and Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.



Douglas H. Lozen, EA, MAAA



Luke M. Schoenhofen, FSA, EA, MAAA

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SUMMARY

The regular annual actuarial valuation of the City of Palm Coast Firefighters' Retirement System and Trust Fund, performed as of October 1, 2025, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2027.

The contribution requirements, compared with those set forth in the October 1, 2024 actuarial report, are as follows:

Valuation Date	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2026
Minimum Required Contribution % of Projected Annual Payroll	27.5%	24.6%
Member Contributions (Est.) % of Projected Annual Payroll	5.0%	5.0%
City and State Required Contribution % of Projected Annual Payroll	22.5%	19.6%
State Contribution (Est.) ¹		
Regular Distribution	\$575,459	\$575,459
% of Projected Annual Payroll	13.2%	13.2%
Supplemental Distribution	288,720	288,720
% of Projected Annual Payroll	6.6%	6.6%
City Required Contribution (Est.) ²		
% of Projected Annual Payroll	2.7%	0.0%

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2024 actuarial valuation report. The increase is mainly attributable to unfavorable plan experience and a change in the assumed mortality rates.

¹ Beginning with the fiscal year ending September 30, 2025, the City may use all State Monies to assist with its funding requirements. The City received \$575,459.01 as the regular State distribution and \$288,720.32 as the supplemental State distribution, applicable for the fiscal year ending September 30, 2025.

² The required contribution from the combination of City and State sources for the year ending September 30, 2027, is 22.5% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 2.7% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of \$212,916.43 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2026. The City has access to a \$301,147.26 reserve to use at its discretion for future funding.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an average salary increase of 23.39% which exceeded the 5.61% assumption and an investment return of 5.66% (Actuarial Asset Basis) which fell short of the 7.00% assumption. These losses were offset in part by a gain associated with favorable turnover experience.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES

As mandated by Chapter 2015-157, Laws of Florida, the mortality rates were updated to align with those outlined in Milliman's July 1, 2024 FRS valuation report for special-risk employees.

There were no method changes since the prior valuation.

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
PARTICIPANT DATA			
Actives	79	79	99
Service Retirees	23	23	26
Beneficiaries	3	3	2
Disability Retirees	0	0	0
Terminated Vested	<u>12</u>	<u>12</u>	<u>8</u>
Total	117	117	135
Projected Annual Payroll	4,368,433	4,368,433	5,232,550
Annual Rate of Payments to:			
Service Retirees	163,896	163,896	184,546
Beneficiaries	14,069	14,069	4,604
Disability Retirees	0	0	0
Terminated Vested	95,400	95,400	66,300
ASSETS			
Actuarial Value (AVA) ¹	12,643,637	12,643,637	6,819,920
Market Value (MVA) ¹	13,210,836	13,210,836	7,025,317
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	14,902,713	14,506,565	9,148,512
Disability Benefits	466,049	455,037	409,111
Death Benefits	80,848	103,189	51,179
Vested Benefits	1,506,580	1,438,543	729,051
Refund of Contributions	226,692	226,574	93,355
Service Retirees	1,423,620	1,401,705	1,566,814
Beneficiaries	127,363	126,915	42,402
Disability Retirees	0	0	0
Terminated Vested	715,123	688,788	453,755
Share Plan Balances ¹	1,366,912	1,366,912	1,785,772
City Reserve ¹	<u>301,147</u>	<u>301,147</u>	<u>301,147</u>
Total	21,117,047	20,615,375	14,581,098

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	39,229,195	39,183,145	41,307,955
Present Value of Future Member Contributions	1,961,460	1,959,157	2,065,398
Normal Cost (Retirement)	798,791	777,139	1,006,064
Normal Cost (Disability)	38,819	38,189	47,178
Normal Cost (Death)	4,983	6,404	5,095
Normal Cost (Vesting)	96,913	92,451	71,721
Normal Cost (Refunds)	23,497	23,483	13,519
Total Normal Cost	963,003	937,666	1,143,577
Present Value of Future Normal Costs	7,874,050	7,659,304	8,774,342
Accrued Liability (Retirement)	8,312,219	8,096,240	1,485,666
Accrued Liability (Disability)	165,378	160,083	55,780
Accrued Liability (Death)	43,046	55,267	7,743
Accrued Liability (Vesting)	678,689	649,524	92,843
Accrued Liability (Refunds)	109,500	109,490	14,834
Accrued Liability (Inactives)	2,266,106	2,217,408	2,062,971
Share Plan Balances ¹	1,366,912	1,366,912	1,785,772
City Reserve ¹	301,147	301,147	301,147
Total Actuarial Accrued Liability (EAN AL)	13,242,997	12,956,071	5,806,756
Unfunded Actuarial Accrued Liability (UAAL)	599,360	312,434	(1,013,164)
Funded Ratio (AVA / EAN AL)	95.5%	97.6%	117.4%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	3,633,018	3,584,320	3,848,743
Actives	0	0	173,621
Member Contributions	<u>5,125,501</u>	<u>5,125,501</u>	<u>0</u>
Total	8,758,519	8,709,821	4,022,364
Non-vested Accrued Benefits	<u>57,245</u>	<u>0</u>	<u>242,798</u>
Total Present Value			
Accrued Benefits (PVAB)	8,815,764	8,709,821	4,265,162
Funded Ratio (MVA / PVAB)	149.9%	151.7%	164.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	105,943	0	
Plan Experience	0	4,817,084	
Benefits Paid	0	(648,296)	
Interest	0	275,871	
Other	<u>0</u>	<u>0</u>	
Total	105,943	4,444,659	

CONTRIBUTION REQUIREMENTS

	<u>New Assump</u>	<u>Old Assump</u>	
Valuation Date	10/1/2025	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2027	9/30/2026

CALCULATION OF CONTRIBUTION REQUIREMENT

Normal Cost (with interest) % of Projected Annual Payroll ²	22.8	22.2	22.6
Administrative Expenses (with interest) % of Projected Annual Payroll ²	2.0	2.0	2.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 26 years (as of 10/1/2025, with interest) % of Projected Annual Payroll ²	2.7	2.0	(0.9)
Minimum Required Contribution % of Projected Annual Payroll ²	27.5	26.2	24.6
Expected Member Contributions % of Projected Annual Payroll ²	5.0	5.0	5.0
Expected City and State Contribution % of Projected Annual Payroll ²	22.5	21.2	19.6

PAST CONTRIBUTIONS

Plan Years Ending: 9/30/2025

City and State Requirement 466,052

Actual Contributions Made:

City	0
State	864,179
Total	864,179

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2025 and 9/30/2024.

² Contributions developed as of 10/1/2025 are expressed as a percentage of Projected Annual Payroll at 10/1/2025 of \$4,368,433.

³ Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes for Fiscal Year ending 9/30/2026.

OTHER INFORMATION

ILLUSTRATION OF AMORTITIZATION OF THE TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

Year	Projected Unfunded Actuarial Accrued Liability
2025	599,360
2026	517,279
2027	429,453
2051	0

5 YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

Year Ended	9/30/2025	Actual	Assumed
		23.39%	5.61%

5 YEAR COMPARISON OF INVESTMENT RETURN ON ACTUARIAL VALUE

Year Ended		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	10.42%	5.66%	7.00%
Year Ended	9/30/2024	19.85%	7.70%	7.00%
Year Ended	9/30/2023	8.99%	4.34%	6.00%
Year Ended	9/30/2022	-13.59%	3.39%	6.00%
Year Ended	9/30/2021	19.22%	9.14%	6.00%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	(\$1,013,164)
(2)	Sponsor Normal Cost developed as of October 1, 2024	881,950
(3)	Expected administrative expenses for the year ended September 30, 2025	101,112
(4)	Expected interest on (1), (2) and (3)	(5,646)
(5)	Sponsor contributions to the System during the year ended September 30, 2025	864,179
(6)	Expected interest on (5)	4,746
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	(904,673)
(8)	Change to UAAL due to Assumption Change	286,926
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,217,107
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	599,360

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Consolidation Base	10/1/2021	26	(1,792,986)	(141,698)
Benefit Change	10/1/2021	11	646,163	80,533
Actuarial Gain	10/1/2022	12	(146,740)	(17,266)
Actuarial Loss	10/1/2023	13	18,194	2,035
Benefit Change	10/1/2023	13	(328,566)	(36,741)
Reconciliation Base	10/1/2024	14	776,211	82,949
Actuarial Gain	10/1/2024	14	(76,949)	(8,223)
Actuarial Loss	10/1/2025	15	1,217,107	124,890
Assump Change	10/1/2025	15	286,926	29,442
			<u>599,360</u>	<u>115,921</u>

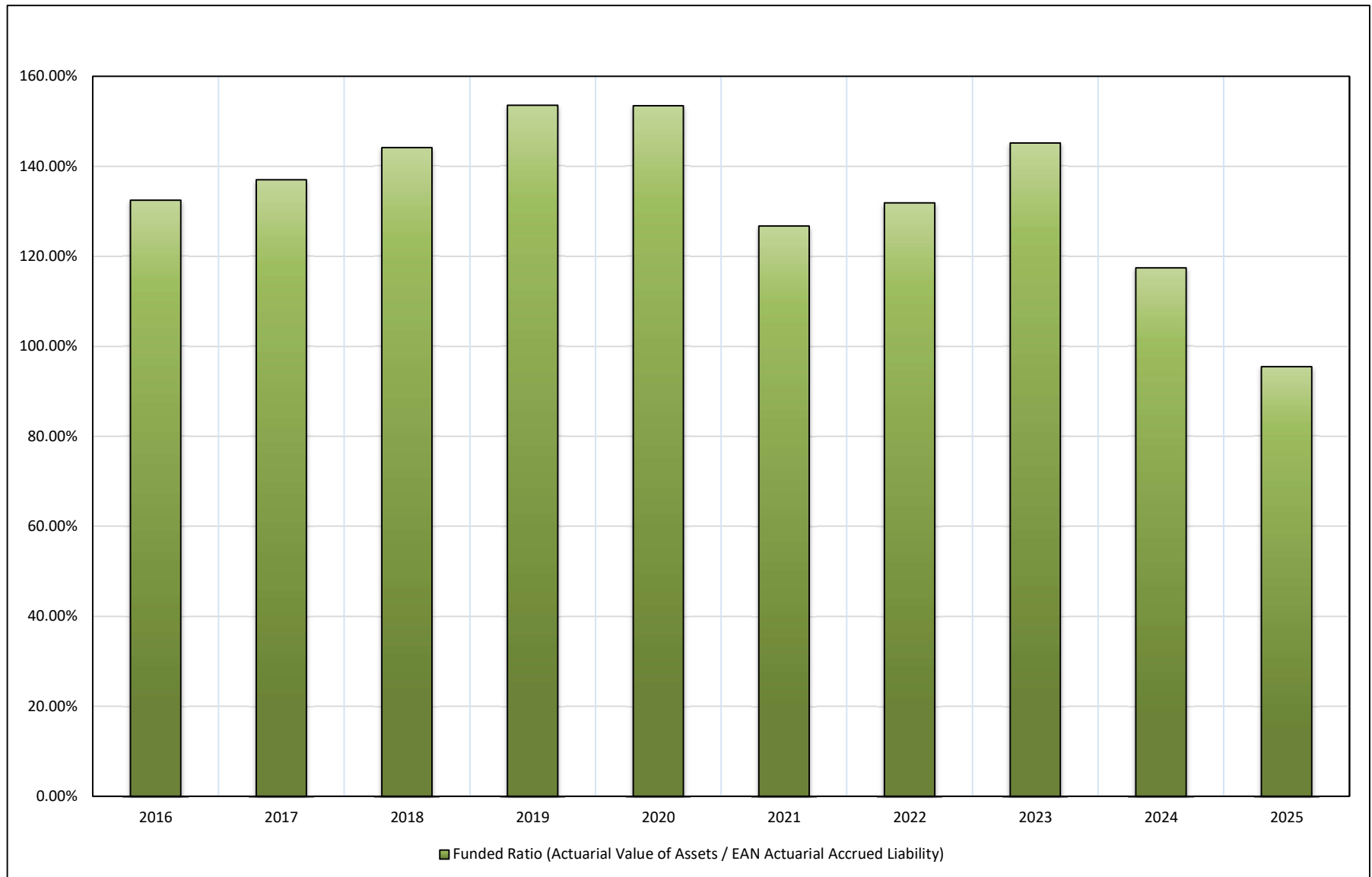
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	(\$1,013,164)
(2) Expected UAAL as of October 1, 2025	(904,673)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	128,196
Salary Increases	1,475,197
Active Decrements	(960,891)
Inactive Mortality	(4,543)
Interest Crediting on Share Plan Balances	42,336
Other	<u>536,812</u>
Increase in UAAL due to (Gain)/Loss	1,217,107
Assumption Changes	<u>286,926</u>
(4) Actual UAAL as of October 1, 2025	\$599,360

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1) Contribution Determined as of October 1, 2024	3.8%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	-3.8%
Change in Normal Cost Rate	-0.4%
Change in Administrative Expense Percentage	0.0%
Payroll Change Effect on UAAL Amortization	-0.2%
Investment Return (Actuarial Asset Basis)	0.3%
Salary Increases	3.6%
Active Decrements	-2.3%
Inactive Mortality	0.0%
UAAL Amortization Impact from Contribution Policy	0.1%
Assumption Change	1.3%
Other	<u>0.3%</u>
Total Change in Contribution	-1.1%
(3) Contribution Determined as of October 1, 2025	2.7%

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	105,080.25
Total Cash and Equivalents	105,080.25
Receivables:	
State Contributions	288,720.32
Total Receivable	288,720.32
Investments:	
Mutual Funds:	
Fixed Income	4,045,589.87
Equity	7,920,424.33
Pooled/Common/Commingled Funds:	
Real Estate	1,063,937.60
Total Investments	13,029,951.80
Total Assets	13,423,752.37
 <u>LIABILITIES</u>	
Prepaid City Contribution	212,916.43
Total Liabilities	212,916.43
NET POSITION RESTRICTED FOR PENSIONS	13,210,835.94

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025
Market Value Basis

ADDITIONS

Contributions:		
Member	118,287.22	
Buy-Back	5,009,109.00	
City	0.00	
State	864,179.33	
 Total Contributions		 5,991,575.55
Investment Income:		
Earnings/(Losses) as disclosed in FMPTF statement	920,898.05	
Less Investment Expense ¹	(17,611.31)	
 Net Investment Income		 903,286.74
 Total Additions		 6,894,862.29

DEDUCTIONS

Distributions to Members:		
Benefit Payments	180,895.75	
Lump Sum Share Distributions	467,400.43	
Refunds of Member Contributions	0.00	
 Total Distributions		 648,296.18
 Administrative Expense		 61,047.55
 Total Deductions		 709,343.73
 Net Increase in Net Position		 6,185,518.56
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		7,025,317.38
 End of the Year		 13,210,835.94

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2025

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2022	-13.59%	
09/30/2023	8.99%	
09/30/2024	19.85%	
09/30/2025	10.42%	
Annualized Rate of Return for prior four (4) years:		5.66%
(A) 10/01/2024 Actuarial Assets:		\$6,819,920.17
(I) Net Investment Income:		
1. Earnings/(Losses) as disclosed in FMPTF	920,898.05	
2. Change in Actuarial Value	(361,801.40)	
3. Investment Related Expenses	(17,611.31)	
Total		541,485.34
(B) 10/01/2025 Actuarial Assets, including Prepaid Contributions:		\$12,856,553.76
Actuarial Asset Rate of Return = 2I/(A+B-I), based on Unlimited Actuarial Assets:		5.66%
10/01/2025 Limited Actuarial Assets		\$12,643,637.33
10/01/2025 Market Value of Assets		\$13,210,835.94
Actuarial Asset Rate of Return, based on Limited Actuarial Assets:		5.66%
Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis)		(\$128,196.18)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2025
 Actuarial Asset Basis

REVENUES		
Contributions:		
Member	118,287.22	
Buy-Back	5,009,109.00	
City	0.00	
State	864,179.33	
Total Contributions		5,991,575.55
Earnings from Investments:		
Earnings/(Losses) as disclosed in FMPTF statement	920,898.05	
Change in Actuarial Value	(361,801.40)	
Total Earnings and Investment Gains		559,096.65
EXPENDITURES		
Distributions to Members:		
Benefit Payments	180,895.75	
Lump Sum Share Distributions	467,400.43	
Refunds of Member Contributions	0.00	
Total Distributions		648,296.18
Expenses:		
Investment related ¹	17,611.31	
Administrative	61,047.55	
Total Expenses		78,658.86
Change in Net Assets for the Year		5,823,717.16
Net Assets Beginning of the Year		6,819,920.17
Net Assets End of the Year²		12,643,637.33

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

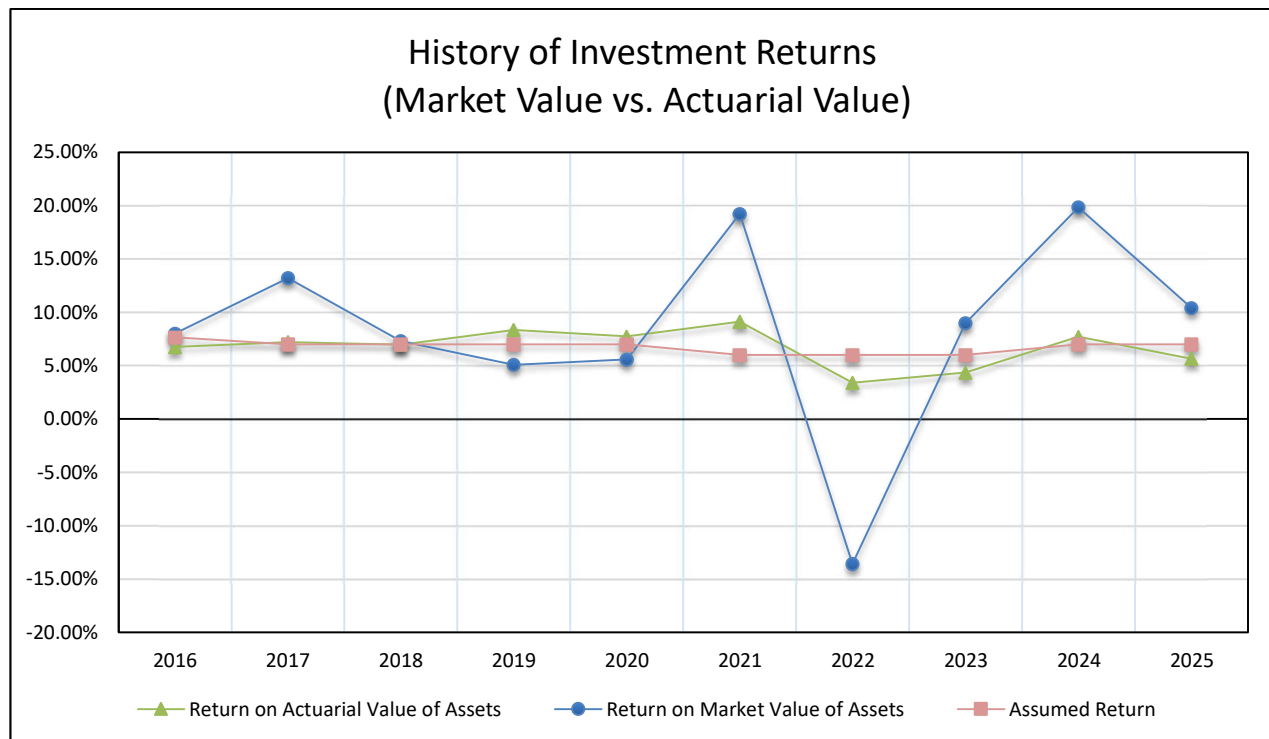
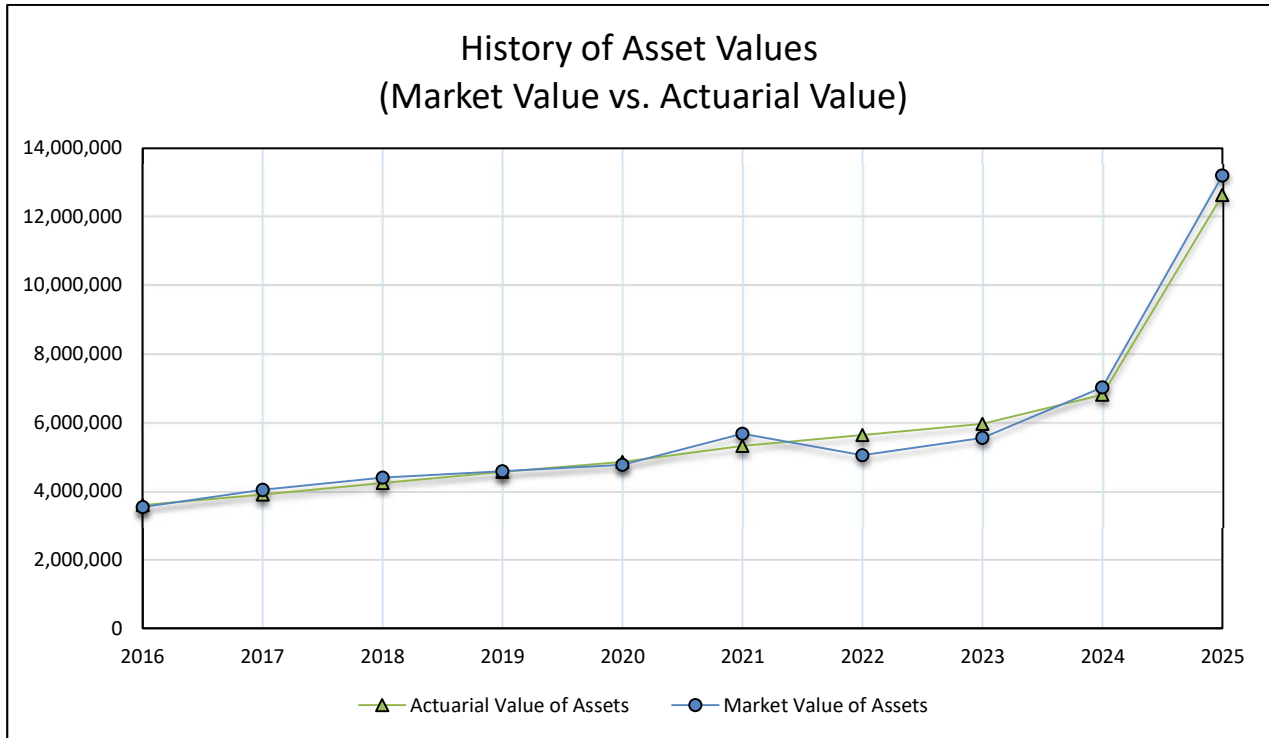
SUPPLEMENTAL SHARE PLAN ACTIVITY
CHAPTER 175

Year Beginning	10/1/2024
Year Ending	9/30/2025
Beginning of Year Balance	1,785,772.34
Prior Year Adjustment	(80,450.43)
Plus Additions	0.00
Investment Return Earned (Est.)	128,991.00
Administrative Fees (Est.)	0.00
Less Distributions	<u>(467,400.43)</u>
End of Year Balance (Est.)	1,366,912.48

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

Fiscal Year Ended	9/30/2025
(1) City and State Required Contribution Rate	19.7%
(2) Pensionable Payroll Derived from Member Contributions	\$2,365,744.40
(3) City and State Required Contribution (1) x (2)	466,051.65
(4) Less Allowable State Contribution	<u>(864,179.33)</u>
(5) Equals Required City Contribution for Fiscal 2025	0.00
(6) Less 2024 Prepaid Contribution	0.00
(7) Less Actual City Contributions	<u>(212,916.43)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	(\$212,916.43)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



PARTICIPANT STATISTICS

STATISTICAL DATA

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
<u>Actives - Full-Time</u>				
Number	54	67	0	0
Average Current Age	33.2	36.6	N/A	N/A
Average Age at Employment ¹	26.9	36.6	N/A	N/A
Average Past Service ¹	6.3	0.0	N/A	N/A
Average Annual Salary	\$80,896	\$78,097	N/A	N/A
<u>Actives - Volunteer</u>				
Number	25	32	28	27
Average Current Age	45.7	39.6	45.5	39.7
Average Age at Employment	43.8	37.7	42.7	37.1
Average Past Service	1.9	1.9	2.8	2.6
SERVICE RETIREES				
Number	23	26	28	31
Average Current Age	76.4	76.4	76.7	76.0
Average Annual Benefit	\$7,126	\$7,098	\$7,534	\$7,445
BENEFICIARIES				
Number	3	2	2	1
Average Current Age	67.0	62.2	61.2	39.8
Average Annual Benefit	\$4,690	\$2,302	\$2,302	\$1,879
DISABILITY RETIREES				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
TERMINATED VESTED				
Number	12	8	6	6
Average Current Age	43.9	42.7	39.1	38.1
Average Annual Benefit	\$9,540	\$8,288	\$6,050	\$6,050

¹ Credited Service for benefit accrual purposes begins January 19, 2025 for Full-Time Firefighters.

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

AGE	PAST SERVICE											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+		
15 - 19	1												1
20 - 24	15	1	1										17
25 - 29	6	3	1	1		1							12
30 - 34	6			1		3							10
35 - 39				1	1	6	2	1					11
40 - 44					1	5		3					9
45 - 49						2	1	1					4
50 - 54	1							2					3
55 - 59	1		1										2
60 - 64	1		1		1			1					4
65+	1		2	1	2								6
Total	32	4	6	4	5	17	3	8	0	0	0		79

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	99
b. Terminations	
i. Vested (partial or full) with deferred annuity	(2)
ii. Vested in refund of member contributions only	(2)
iii. Nonvested termination	(30)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Continuing participants	65
g. New entrants / Rehires	<u>14</u>
h. Total active life participants in valuation	79

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	26	2	0	8	0	36
Retired						0
Vested (Deferred Annuity)				2		2
Vested (Due Refund)					2	2
Hired/Terminated in Same Year						0
Death, With Survivor	(1)	1				0
Death, No Survivor	(2)					(2)
Disabled						0
Refund of Contributions						0
Rehires						0
Expired Annuities						0
Data Corrections						0
b. Number current valuation	23	3	0	10	2	38

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS-2010 for Employees

Male: PubS-2010 for Employees, set forward 1 year

Healthy Retiree Lives:

Female: PubS-2010 for Healthy Retirees

Male: PubS-2010 for Healthy Retirees, set forward 1 year

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees

Male: PubG.H-2010 for Healthy Retirees, set back 1 year

Disabled Lives:

Female: PubG.H-2010 for Disabled Retirees, set forward 1 years

Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for non-special-risk employees.

Previously, the following rates were used:

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

Entry Age Normal Actuarial Cost Method. An interest load of 0.5 years at the valuation assumption is applied for determination of the Minimum Required Contribution.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Normal Retirement

Full-Time

The earlier of attainment of age 55 with 10 years of Credited Service, or the completion of 25 years of Credited Service, regardless of age.

Volunteers

The earlier of attainment of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or age 62 with 5 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption was established with the November, 2020 actuarial experience study.

Early Retirement

Full-Time

5% per year of eligibility (attainment of age 50 with the completion of 10 years of Credited Service).

Volunteers

None. This assumption was established with the November, 2020 actuarial experience study.

Termination Rates

Full-Time		Volunteer	
% Terminating During the Year		% Terminating During the Year	
Service	Rate	Service	Rate
0-2	8.9%	0-1	25.0%
3-4	7.9%	2-5	15.0%
5	6.0%	6-10	5.0%
6	5.7%	11+	0.0%
7	5.6%		
8-9	5.4%		
10-14	4.4%		
15-19	3.8%		
20-24	1.2%		
25+	0.0%		

The Volunteer rates were established with the November, 2020 actuarial experience study. The Full-Time rates are based on experience for similar-sized plans in Northeast Florida.

Disability Rates

Full-Time		Volunteer	
% Becoming Disabled During the Year		% Becoming Disabled During the Year	
Age	Rate	Age	Rate
20	0.068%	20	0.030%
25	0.075%	25	0.030%
30	0.092%	30	0.040%
35	0.117%	35	0.050%
40	0.156%	40	0.070%
45	0.253%	45	0.100%
50	0.474%	50	0.180%
55	0.801%	55	0.360%
60	1.319%	60	0.900%
64+	1.99%	64+	2.220%

The Volunteer rates were established with the November, 2020 actuarial experience study. The Full-Time rates are based on experience for similar-sized plans in Northeast Florida. Additionally, 90% (Full-Time) and 75% (Volunteer) of Disability Retirements are assumed to be duty-related.

PLAN PROVISIONS

Most Recent Plan Amendment

Ordinance 2024-16

Credited Service

Full-Time

The aggregate number of years, and fractional parts of years of service earned while employed as a Full-Time Firefighter with the Palm Coast Fire Department after January 19, 2025. Solely for purposes of vesting or eligibility for retirement, credited service for Full-Time Members includes the aggregate number of years and fractional parts of years of service earned while employed as a Full-Time Firefighter with the Palm Coast Fire Department before January 19, 2025.

Volunteer

Total years and fractional parts of years of service with the City as Volunteer Firefighter. Credited Service is based on “Length of Service Award Pension Program – Qualification Criteria.”

Compensation (Full-Time Only)

The fixed monthly remuneration paid a Full-Time Firefighter. Compensation shall include up to 300 hours per year in overtime compensation but shall not include payments for accrued unused sick or annual leave.

Average Final Compensation (AFC)

Five highest years of the last ten years of Credited Service before retirement, DROP entry, termination, or death.

Normal Retirement

Full-Time

Date: Earlier of age 55 with the completion of 10 years of Credited Service, or the completion of 25 years of Credited Service, regardless of age.

Benefit: 3% of AFC for each year of Credited Service. Credited Service for determination of the accrued benefit begins January 19, 2025.

Form of Benefit: Ten-Year Certain and Life thereafter (options available).

Volunteer

Date: of age 62 with the completion of 5 years of Credited Service, age 55 with the completion of 10 years of Credited Service, or age 52 with the completion of 25 years of Credited Service.

Benefit Accrual Rate:

Credited Service	Monthly Benefit Accrual (for each year of Credited Service)
Less than 10 years	\$85
At least 10 years	\$100

Form of Benefit: Ten-Year Certain and Life thereafter (options available).

Early Retirement

Date	Age 50 with the completion of 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3% per year from Age 55 (or 62 for Volunteers).

Disability Benefits

Eligibility	Service Incurred: Covered from Date of Employment. Non-Service Incurred: Ten years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability. For Full-Time Firefighters, the Service-Incurred benefit is not less than 42% of AFC, while the Non-Service Incurred benefit is not less than 25% of AFC.
Duration	Payable for life (with the first ten years guaranteed) or until recovery (as determined by the Board).

Death Benefits

Eligibility	Ten years of Credited Service for Full-Time Firefighters and five years of Credited Service for Volunteer Firefighters.
Benefit	Accrued benefit paid to Beneficiary for ten years, beginning at the Member's Normal Retirement Date (unreduced) or Early Retirement Date (reduced).
Post-Retirement	According to option selected, if any.

Vesting (Termination)

Eligibility Ten years of Credited Service for Full-Time Firefighters and five years of Credited Service for Volunteer Firefighters.

Credited Service for Full-Time Firefighters includes all years of full time firefighter service with the City of Palm Coast (including those years and fractional parts of years prior to January 19, 2025).

Benefit Accrued benefit payable at the Member's election, on his otherwise Early or Normal Retirement Date. Full-Time Firefighters who terminate prior to the completion of 10 years of Credited Service are entitled only to a refund of accumulated member contributions (without interest).

Contributions

Full-Time Firefighters 5% of Compensation.

Premium Tax (State Monies) 1.85% tax on premiums for fire insurance policies.

City Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period not exceeding 30 years.

Deferred Retirement Option Plan (DROP) Available for Full-Time Firefighters for a period up to 60 months following attainment of Normal Retirement eligibility. Interest crediting is based on the plan's net-of-fees investment performance.

Supplement Benefit (Share Accounts)

Eligibility Volunteer Firefighters only.

Initial Crediting 80% of the \$1,505,738 Excess State Monies Reserve, established as of September 30, 2014, is allocated to eligible Volunteer Firefighters.

Annual Crediting Annual Premium tax revenues received by the City in excess of the \$200,000 applicable frozen amount shall be allocated to eligible accounts (Volunteers only) on a pro-rata basis (based on Credited Service).

The last crediting of State Monies is for the fiscal year ending September 30, 2024. Beginning with fiscal 2025, the City is entitled to all future State Monies to assist with Plan funding.

Investment earnings	Eligible Share Accounts shall be credited or debited annually, based on the Plan’s net-of-fees investment performance for the immediately preceding Plan Year.
Maximum Benefit	\$3,000 combined for benefits payable under the “Length of Service Award Pension Program” and allocations pursuant to the Supplement Benefit program.
Vesting	Five years of Credited Service.
Eligibility for Distribution	Eligible for Normal or Early Retirement.

Board of Trustees

- a. Two appointees of City Council;
- b. Two Firefighters elected by the members of the department; and
- c. Fifth member elected by the other four and appointed by Council as a ministerial duty.

SUPPLEMENTARY INFORMATION

GLOSSARY

Accrued Benefit	The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date.
Actuarial Accrued Liability	The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method.
Actuarial Value of Assets	The asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.
Actuarial Assumptions	Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition.
Actuarial Cost Method	A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded.
Actuarial Gain or Loss	The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability.

Actuarial Present Value	The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.
Amortization Payment	The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase.
Decrements	Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.
Funded Ratio	A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities.
Interest Rate	The assumed long-term rate of return on plan assets.
Market Value of Assets	The fair market value of plan assets as of the valuation date.
Normal Cost	The portion of the Actuarial Present Value of Benefits allocated to the current year determined according to the plan's Actuarial Cost Method.
Present Value of Benefits	The single sum value on the valuation date of all future benefits to be paid to current plan participants.
Projected Annual Payroll	The salary expected for the year after the valuation date, excluding members over the 100% assumed retirement age.

Projected Benefits	The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.
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Total Annual Payroll	The salary expected for the year after the valuation date.
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Ultimate Cost	<p>The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals</p> <p>Benefit Payments Plus: Expenses Less: Investment Income</p> <p>The Ultimate Cost is independent of the Actuarial Cost Method selected.</p>
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Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.
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Vested Benefit	Benefits members are entitled to regardless of employment status.
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DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- **Contribution Risk:** This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

IMPACT OF PLAN MATURITY ON RISK

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 134.8% on October 1, 2015 to 219.4% on October 1, 2025, indicating that the plan has experienced a significant growth in active population.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 17.1%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in lower volatility in contribution requirements when compared to a more mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 138.3% on October 1, 2015 to 95.5% on October 1, 2025.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -7.3% on October 1, 2015 to 40.0% on October 1, 2025. The current Net Cash Flow Ratio of 40.0% indicates that contributions are generally in excess of the plan's benefit payments and administrative expenses.

LOW DEFAULT-RISK OBLIGATION MEASURE

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.50% resulting in an LDROM of \$19,049,555. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2025	10/1/2024	10/1/2020	10/1/2015
SUPPORT RATIO				
Total Actives	79	99	23	31
Total Inactives ¹	36	36	33	23
Actives / Inactives ¹	219.4%	275.0%	69.7%	134.8%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	13,210,836	7,025,317	4,766,611	3,544,142
Total Annual Payroll	4,368,433	5,232,550	0	0
MVA / Total Annual Payroll	302.4%	134.3%	N/A	N/A
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	2,266,106	2,062,971	1,307,154	891,622
Total Accrued Liability (EAN)	13,242,997	5,806,756	3,164,660	2,627,408
Inactive AL / Total AL	17.1%	35.5%	41.3%	33.9%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	12,643,637	6,819,920	4,856,560	3,632,462
Total Accrued Liability (EAN)	13,242,997	5,806,756	3,164,660	2,627,408
AVA / Total Accrued Liability (EAN)	95.5%	117.4%	153.5%	138.3%
NET CASH FLOW RATIO				
Net Cash Flow ²	5,282,232	379,693	(62,289)	(259,801)
Market Value of Assets (MVA)	13,210,836	7,025,317	4,766,611	3,544,142
Ratio	40.0%	5.4%	-1.3%	-7.3%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
2003	14,328.55	N/A
2004	62,129.98	333.6%
2005	96,546.34	55.4%
2006	128,816.42	33.4%
2007	242,231.00	88.0%
2008	380,757.00	57.2%
2009	499,181.00	31.1%
2010	339,246.90	-32.0%
2011	359,373.51	5.9%
2012	377,962.48	5.2%
2013	364,571.49	-3.5%
2014	381,967.45	4.8%
2015	324,642.30	-15.0%
2016	273,487.45	-15.8%
2017	232,596.92	-15.0%
2018	263,090.68	13.1%
2019	247,471.42	-5.9%
2020	271,790.64	9.8%
2021	308,196.92	13.4%
2022	350,084.88	13.6%
2023	676,590.95	93.3%
2024	827,363.49	22.3%
2025	864,179.33	4.4%